Home Products

Discounters Riding Crest of Home Decor Wave

Nationwide DSN Report

Americans are dissatisfied with their home decor and plan to purchase new products to remedy the situation. Further, a new nationally projectable study by *DSN* shows that discount stores have achieved comparability with full-price department stores as retail outlets of first choice for home furnishings products.

Eighteen percent of shoppers said they think of discounters first when planning to make a purchase in domestics and home fashions, while 20 percent think first of full-price department stores. Overall, national merchandisers, such as Sears and J.C. Penney, were named most often (28 percent) by consumers as outlets of first choice for home fashion.

Indicative of discounter acceptance in this blossoming category, discount stores placed a strong second to national merchandisers as a source for kitchen and bath goods, and in certain areas discounters made inroads among the predominantly older female, upper middle class audience that generally has favored the competition.

Fashion Orientation

The survey, conducted in August and September by Leo J. Shapiro and Associates for *DSN*, revealed that the most popular method of improving the home environment also reflects the fashion orientation; consumers were far more likely to "dress" a room to improve it than to bring in new furniture or make structural changes. Bedspreads, window treatments, drapes, linens and other "dress-up" type products were extremely popular.

Not surprisingly, younger and poorer households were less happy with their environment and more likely to do something about it. This group will also seek out discount stores more often than older, wealthier consumers. Young householders have had less time to accumulate home products, generally don't have the income to buy them, and are more likely to be status and fashion conscious than their more settled elders.

Overall, consumers were most satisfied with their kitchens and bedrooms. Bath and linen closets were the areas cited as needing most work.

Older and wealthier consumers tended to be happiest with the state of their bathrooms, which overall were pronounced perfect by a little less than a third of interviewees.

Younger consumers (under 35) and those who rent homes were the only groups to show significant unhappiness with their bedrooms. Every other category (respondents were broken up by age, sex, income, occupation and housing) seemed content, although a significant undercurrent of displeasure showed up among women and middle-aged consumers.

Young renters were also the outsiders in a generally consistent pattern of placidity concerning window coverings. About a third of respondents were very happy with their windows vs. only a quarter of the young and those who rent.

The linen closet finished last in degree of satisfaction. It also found little favor with the young, those who rent and the blue collar workers.

That same group was relatively unhappy with their kitchens, a room in which the overall population was very happy. Significantly more women expressed the highest level of satisfaction than did men. Older consumers were happier than the young.

By group, men tended to be happier with the bedroom and linen closet than did women, while women expressed a higher degree of satisfaction with kitchens and window coverings. Neither group was particularly happy with the bathroom.

In every category except the bath, there was a direct correlation between advancing age and a high rate of satisfaction. Middle-aged consumers (35-49) were slightly less happy with their baths than those under 35.

Homeowners were much happier than renters in every category; the wealthier (over $40,000 a year) were more content than the less affluent.

White collar workers and those not employed (including retirees) were marginally happier in every category than were blue collar respondents.

Of those who said they planned to buy a new home fashion product, the largest percentage planned to shop a national merchandiser in all four home fashion categories. Discounters were the second most popular choice in two areas: the bath and the kitchen, indicating, perhaps, a perception of discounters as a good source for smaller hard goods, and a lesser one for soft lines.

The discount share of the market by category was: bathroom, 23 percent; bedroom, 15 percent; window treatment, 14 percent; and kitchen, 21 percent. Discounters finished a close third to department stores in the window category.

Women tended to favor discount stores more than did men, as did renters. By a large margin, those earning less than $20,000 also favored discount stores. The not employed group, which contains retirees, was also more likely to frequent discounters than were other occupational groups, and the middle-aged consumers favored discounters more than did other age groups.

Over 60 percent of respondents plan to purchase something for their bedrooms, particularly furniture, beds and bedspreads. Over a third of them said that they were planning to make a major purchase (bed, furniture, chest, table) and about one in five were in the market for a bedspread or quilt.

Men were far more likely to be contemplating a major furniture purchase than women, but *much* less likely to buy a bedspread or quilt. Women were more likely to buy sheets or pillowcases, curtains and carpeting than men, while men favored small appliances, wall hangings and electronics for their bedroom decor.

Consumers were more likely to dress up a room to improve it than to bring in new furniture.

Older consumers (over 50) were unlikely to make any purchase, with the notable exception of bedspreads. Younger respondents were in the market for furniture, sheets and pillowcases, paint and wallpaper, pillows, linens, and bedspreads.

Renters were far more likely than homeowners to make a major bed or furniture purchase (one of three renters were planning to buy those products) and to buy sheets or pillowcases. Homeowners were more likely to buy bedspreads. Demand for most products was spread fairly even across income classifications, while blue collar workers were far more likely to contemplate a purchase in virtually every category than white collar workers or the unemployed.

Those with very low satisfaction ratings about their bedrooms were obviously more likely to do something about their unhappiness than those with high ratings, but the margin in many areas was surprisingly slim. Demand for carpet was almost even across the board, and those with high satisfaction ratings were more likely to buy small appliances, wall hangings and pictures, and electronics than were the dissatisfied.

Discount Share of the Domestics Market

What type of store comes to mind first when you shop for a new domestics product?

	Bathroom	Bedroom	Windows	Kitchen
Discount Department Store	23.4%	14.9%	14.4%	20.6%
National Merchandiser	24.4	27.4	31.2	27.1
Department Store	19.3	26.5	14.9	17.8
Furniture Store	—	11.4	0.4	1.6

*Source: Leo J. Shapiro & Associates/*Discount Store News, *September 1987*

MARKETWATCH

EDISON, N.J. — A slate of 10 directors proposed by Entertainment Marketing and the Oppenheimer-Palmieri Fund was elected to replace the entire board of **Crazy Eddie** at the CE chain's Nov. 6 shareholders meeting. Victor Palmieri, a general partner in the fund, became chairman of Crazy Eddie. Elias Zinn, chairman of Houston-based electronics wholesaler Entertainment Marketing, became president and ceo. First action of the new board included establishing new credit facilities and meeting with major suppliers.

* * *

RICHMOND, Va. — **Circuit City** reported a 40 percent increase in October sales to $109.3 million from $77.9 million last year. Comparable store sales for this period increased 7 percent. During October, the 97-store consumer electronics chain opened four new superstores in the San Francisco Bay area and a second in Memphis, Tenn. Four additional Bay area superstores are slated to open in mid-November. "Despite earthquakes in Los Angeles and turmoil in the financial markets," Richard L. Sharp, president and ceo said, "all divisions performed well and showed continued sales strength in the latter part of the month."

* * *

MINNEAPOLIS — Also in October, **Best Buy**, the 37-unit chain of CE superstores that is often compared to Circuit City, more than doubled its sales from last year's comparable month. October sales this year of $34.7 million were 104 percent greater than the $17 million achieved during the 1986 period. Year-to-date sales hit $205.8 million, more than double last year's $97.1 million for the comparable period. The chain reported that remodeled or expanded stores in the Twin Cities area reported sales increases ranging from 17 percent to 58 percent. As a group, Best Buy stores in its home market achieved a 15 percent sales gain. However, the chain's nine comparable stores (open for 14 full months) experienced a 2 percent decline in October, partially due to the expansion of nearby stores, said the company.

* * *

CLINTON, Ill. — **Revere Ware** is telling consumers to do the forbidden: put metal in their microwave ovens. This month the cookware manufacturer formally unveiled the first in what is expected to evolve into a line of stainless steel cookware designed for both stovetop and microwave oven use. The first piece, the Micro-Fryer, was created to let the consumer brown or sear meats and other foods on a conventional stove, and finish cooking in the same pan with the speed of the microwave oven. Pan shape, handles and glass cover were engineered for use in the microwave oven. Copper-clad and aluminum slab models are available. Peter Cameron, Revere president, said consumer re-education will be necessary at first, "but once they are convinced, there should be no problem."

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Bi-Mart's new prototype provides the Pacific Northwest discounter with a new layout, better adjacencies, modern fixtures and lighting, and additional service counters.

Wal-Mart on Track to Pass Both Sears & K mart in Sales

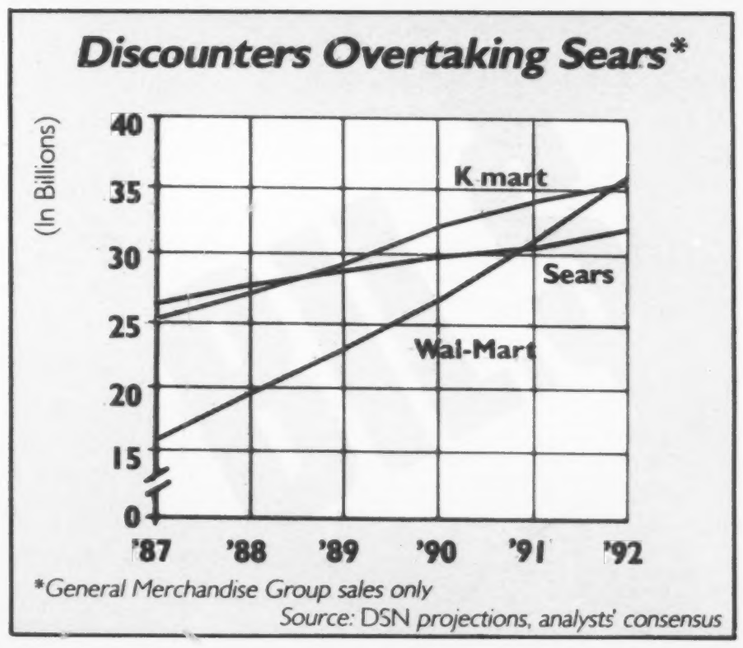
Nationwide Report

The nation's two largest discounters should leapfrog over Sears, and could lay claim to the title "World's Largest Retailer" by the early 1990s. K mart, currently the No. 1 discount chain, is expected to surpass Sears' general merchandise division in sales perhaps as early as 1989. And, Wal-Mart, the second largest discount chain, has been growing so rapidly—about 35 percent this year--it could pass Sears by 1991, and K mart, too, in 1992.

Barring major acquisitions, each of the three retailers are on a path to generate more than $30 billion in sales by 1991. K mart, according to *DSN* and analysts' projections, will be No. 1 that year, with over $34 billion. Wal-Mart should log in at over $31 billion, and Sears' general merchandise division is expected to produce just under that figure.

By 1992, Wal-Mart is projected to hit close to $36 billion in sales, slightly higher than the projected figure for K mart.

In this full issue study, beginning on page 53, *DSN* examines how K mart and Wal-Mart are going to hit those lofty heights, and takes a look at Target, the nation's third largest discounter, which has its own aggressive growth plans in *the race for dominance.*



Bi-Mart Launches Prototype Invigorates Adjacencies, Mix

By Pamela Krein

EUGENE, Ore. — Membership discounter Bi-Mart has launched a new prototype, designed to update the 37-store chain's interiors, fixtures, mix and layout.

"The stores needed to be strengthened in adjacencies," explained Dale Ward, senior vice president and general merchandise manager for the subsidiary of Seattle-based Pay 'n Save. "We tried to take a step up in cheeriness and openness . . . and develop a smarter store."

All three of the 31,000-square-foot stores opened late this year incorporated the design of the new prototype. The chain's existing stores in Oregon and Washington are now being retrofitted. The company expects to have the remodeling completed in 1988.

Changes have been significant. Store signage, lighting and fixtures have been modernized, and the entire layout has been altered and the product mix updated.

Although the stores still

(Continued on page 224)

Encouraging Holiday Outlook

Discounter Sales Climb in November

Nationwide DSN Report

Full-line and specialty discounters entered the critical December Christmas sales period somewhat encouraged by the November sales results at over a dozen major off-price retailers, most of which showed strong gains.

However, same store gains at discounters were small compared to the larger overall increases reported by most chains.

Sales increases at the three largest general merchandise chains, Sears Roebuck, J.C. Penney and Montgomery Ward, trailed those reported by discounters.

Discounters' November sales didn't seem to be impacted by the stock market's 500-plus point drop in October, although retailers noted that consumer buying in November was uneven, with the month, spurred by Thanksgiving promotions, ending stronger after a weak start.

The November sales scene showed the following:

Wal-Mart reported the largest increase, with sales jumping 26 percent to $1.6 bil-

(Continued on page 224)

Plans Rollout of Freestanding Specialty Stores

Ward Renames Specialty Categories

This 'Focus Montgomery Ward' electronics and appliance store in California will be renamed 'Electric Avenue' under the retailer's plan to strengthen its specialty store image. (DSN photo)

CHICAGO — In an attempt to invigorate Montgomery Ward's new image as a chain of value-driven specialty stores, the retailer has introduced new names for several departments plus the rollout of freestanding specialty stores that bear those new names.

The 315-unit retailer has renamed its appliance and electronics department "Electric Avenue;" its jewelry department "Gold 'n Gems;" automobile parts and service "Auto Express;" and home fashions "Home Ideas."

(Continued on page 221)

Larger Discounters Lead Chains to Record Results

By Peter Hisey

NEW YORK — Discount stores set new records in sales per square foot and sales per store last year, according to the just-released "Cornell Study," but profits leveled after three consecutive record years.

The report, titled "Operating Results of Mass Retail Stores," was researched and compiled by Cornell University under the sponsorship of the International Mass Retail Association. It polled 24 discount store operations earlier this year, and reflects year-end results for fiscal 1986.

Rod Hawkes, a Cornell University extension associate and co-author of the report, said that while results were "not earth-shattering" this year, the overall trend is "healthy and evolutionary."

Hawkes called the rise in sales per square foot "encour-

(Continued on page 221)

A Look at Consumers Distributing's New Express Format

Hills Receives DISC Award for Service To Community

Proposed State Legislation Affects Discounters

MARKETWATCH

K mart to Retire Commercial Paper

TROY, Mich. — K mart is floating $200 million in 30-year bonds bearing interest of 10.5 percent. Proceeds will be used to retire commercial paper now carried on its balance sheet as long-term debt, said Orren Knauer, director of investor relations. "Long-term rates appeared attractive," he said. The bond prospectus notes K mart's ratio of earnings to fixed charges increased to 3.4 for the 52 weeks ended Oct. 28, 1987, from 2.9 in the same span of 1986. Morgan Stanley is the lead underwriter. Moody's reports K mart had $812 million in commercial paper outstanding at the end of its second quarter. K mart also announced plans to buy back up to $500 million worth of its stock.

Cook United Liquidates Inventory

NEW YORK — Cook United, the 62-year-old discount chain based in Maple Heights, Ohio, is conducting going out-of-business sales at its three remaining stores, two in Lima and one in Wauseon, Ohio. Craig Davis of New York-based Smith Management, which had funded the chain's attempted turnaround, said all proceeds from liquidation of inventory at the three leased sites will go to secured creditors. Geoffrey Lurie, former president and chief executive officer, resigned in mid-November, following the resignations of all other company personnel.

HSN Expects to Offer Financial Services

CLEARWATER, Fla. — The Home Shopping Network expects to offer a variety of financial services, including selling stocks and bonds, through its teleshopping shows in mid-1988. Preparing for its long touted move into financial services, HSN last month bought a seat on the New York Stock Exchange for about $750,000 and purchased for an undisclosed amount a small Texas regional brokerage and financial planning firm.

Stuarts Takes Over Former Mars Site

HOPKINTON, Mass. — Stuarts Department Stores will take over a former Mars Stores location and has closed its only multi-level store during the first quarter of 1988. The Mars store, in Lowell, Mass., will be closed at the end of January and reopened as a Stuarts store in early March. The merchandise inventories, store fixtures and capital improvements were bought from Mars by Stuarts for approximately $2 million. Both chains currently operate 21 stores in Northeastern states.

PACE: Out of the Red, Earnings Up

DENVER — PACE Membership Warehouse, the 33-store wholesale club chain based here, has climbed out of the red, reporting year-to-date net earnings of $91,000 for the nine-month period ended Oct. 11, 1987. In the first nine months last year, PACE posted a net loss of $1.16 million, and after the first six months of 1987 the company was still showing a net loss of $113,000. Year-to-date sales were $573 million compared to $361 million in 1986.

Warehouse Club Takes Net Loss of $6.4B

SKOKIE, Ill. — The Warehouse Club had a net loss of $6.4 million in the fiscal year ended Sept. 30, four times greater than its $1.7 net loss in the previous fiscal year. The loss came as sales jumped 45 percent from $157.3 million to $228.4 million, while the store count dropped to 12 units, three fewer than in 1986. Walter H. Teninga, chairman and chief executive officer, noted that the wholesale club had been tightening its operations and cited the fourth quarter results which showed sales in the three months ended Sept. 30 up 32 percent to $57.5 million from $43.4 million, while the net loss fell to $275,000 from $1.3 million a year ago.

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Oliver's Falls Victim to Shakeout Of Weak Off-Price Apparel Chains

RIDGEFIELD, N.J.— The continuing shakeout of weak off-price apparel chains has claimed its latest victim—Oliver's Stores Inc., the men's, women's and children's apparel off-pricer based here.

Oliver's, founded by Joseph Wolfer and Thomas Nadler in 1977, had once numbered 32 units. Its remaining 14 units should be closed for good by Dec. 20, according to Carmen Maggio, the court-appointed trustee. Its stores in northern New Jersey, New York and Connecticut are now running going out-of-business sales.

It experienced over $3.5 million in inventory shortages a year ago this month, and filed its Chapter 11 petition last March. At that time it listed liabilities of $13.5 million—of which $2.6 million were trade accounts payable—and assets of $6.3 million.

Maggio was appointed trustee in October after creditors moved to oust management on grounds of alleged fraud, incompetence and mismanagement.

Maggio, who said Oliver's owes creditors about $18 million, decided to liquidate rather than reorganize. Oliver's "wasn't making any money," he told *DSN*. When asked what he thought the causes of Oliver's problems were, he said, "Poor management, as well as other factors that I'm not at liberty to discuss."

No commitments for the stores' leases have been made yet, Maggio said.

Oliver's apparel inventory has been sold to New York-based NCM Corp. for $3.7 million, and NCM is running the current sales.

Oliver's sailed through the heady times of the off-price apparel store boom of the late '70s to mid-'80s. It went public last year, and raised $7 million in stock offerings for expansion. But increased price promoting from area department stores and other larger off-price chain store competition were factors in its demise. It also lost an estimated $3.8 million worth of goods in a warehouse break-in in February.

Auto Shack Becomes AutoZone

Auto Chain Forced to Alter Name

MEMPHIS, Tenn. — Auto Shack, a privately-owned chain of 421 discount auto parts stores, is changing its name to AutoZone, the company announced.

The change stems from the settlement of a lawsuit that Tandy Corp., owner of Radio Shack, brought against the chain's parent, Malone & Hyde—one of the South's largest grocery wholesalers—which founded Auto Shack in 1979.

Last year, Malone & Hyde spun off Auto Shack as a separate corporate entity, the first step toward taking the chain public. Even before the stock market crash on Oct. 19, a company spokesman had said that a public offering would be at least three years away.

The company held an employee contest to pick a new name, with a $5,000 prize for the winner. But, the chain got its new name from a professional concern, NameLab, San Francisco, which has come up with such names as Acura, (automobile), Compaq (computer) and ZapMail, said president Peter R. Formanek in a release. And "AutoZone is an instant reminder that we've got the best in auto parts, everything from A to Z," Formanek said.

The name has something else going for it: it is legally available in all 50 states, Formanek said. The chain currently operates in 15 states.

The company had to turn to an outside source because no employee submitted a suitable name that could be protected with a trademark, Formanek said. As consolation prizes, AutoZone has earmarked more than $15,000 to give each employee who submitted an entry a $50 U.S. Savings Bond, Formanek added.

Without releasing a timetable, he said the change would be done "as quickly as possible."

In 1986, when Auto Shack operated about 340 stores by the year's end, its estimated sales were $365 million. Describing his chain as the fastest growing in the country, Formanek said the company is adding 80 stores a year.

Southland Tries New Buyout Plan

DALLAS — Southland Corp., parent of the 7-Eleven convenience store chain and 465 Chief Auto parts stores, has sweetened its junk bond offering in attempts to carry off the second stage of its $5.1 billion leveraged buyout.

Its underwriters have registered with the Securities and Exchange Commission an amended offering in which buyers of about $947 million of $1.5 billion in junk bonds would also get warrants, or rights, to buy common stock.

Stockholders this month were expected to approve the buyout of Southland by the founding Thompson family.

Interest rates on various classes of the junk bonds are expected to range from 15.5 percent to 18.25 percent. However, Southland couldn't find enough buyers last month and had to cancel the offering as originally proposed.

A Southland spokeswoman said divestiture of its Chief Auto parts chain and other assets such as its dairy group and 1,000 7-Eleven Stores—valued at a total of $1.2 billion before the market crashed—is going forward independently of the bond offering. Southland is actively negotiating with at least one would-be buyer of Chief Auto, she said.

Hills Backs Anti-Drug Crusade

Gene O'Donnell, senior vp, gmm for Canton, Mass.-based Hills Department Stores, presents $23,653 check to Ivy Cohen, executive director of the Just Say No Foundation. Presentation marked the completion of Hills' 'Choose to Care' program, which ran in cooperation with Procter & Gamble. Hills was also honored with the 1987 Discounter in Service to the Community Award. See story, page 47.

DSN Editor to Lead Workshop at CES

LAS VEGAS, Nev. — A panel discussion on telephones and answering devices, scheduled for the Winter Consumer Electronics Show in January at the Convention Center here, will be moderated by Tony Lisanti, editor of *DSN*.

The workshop, entitled "Telephones & TADs: The Dilemma of Product Selection," will be held Thursday, Jan. 7, at 1 p.m. The panel will cover pertinent topics including models, features, price points, fashion and quality.

Panel members include: Joe Mullin, Hills Department Stores; Lee Hardy, Tele Inc.; Anthony Bernardo, Sharp Electronics; Donna Trampel, Northwestern Bell Telephones; and Larry Richenstein, Planned Technologies.

K mart/Wal-Mart/Target

Corporate Profiles

The Big Three Chains Race for Dominance

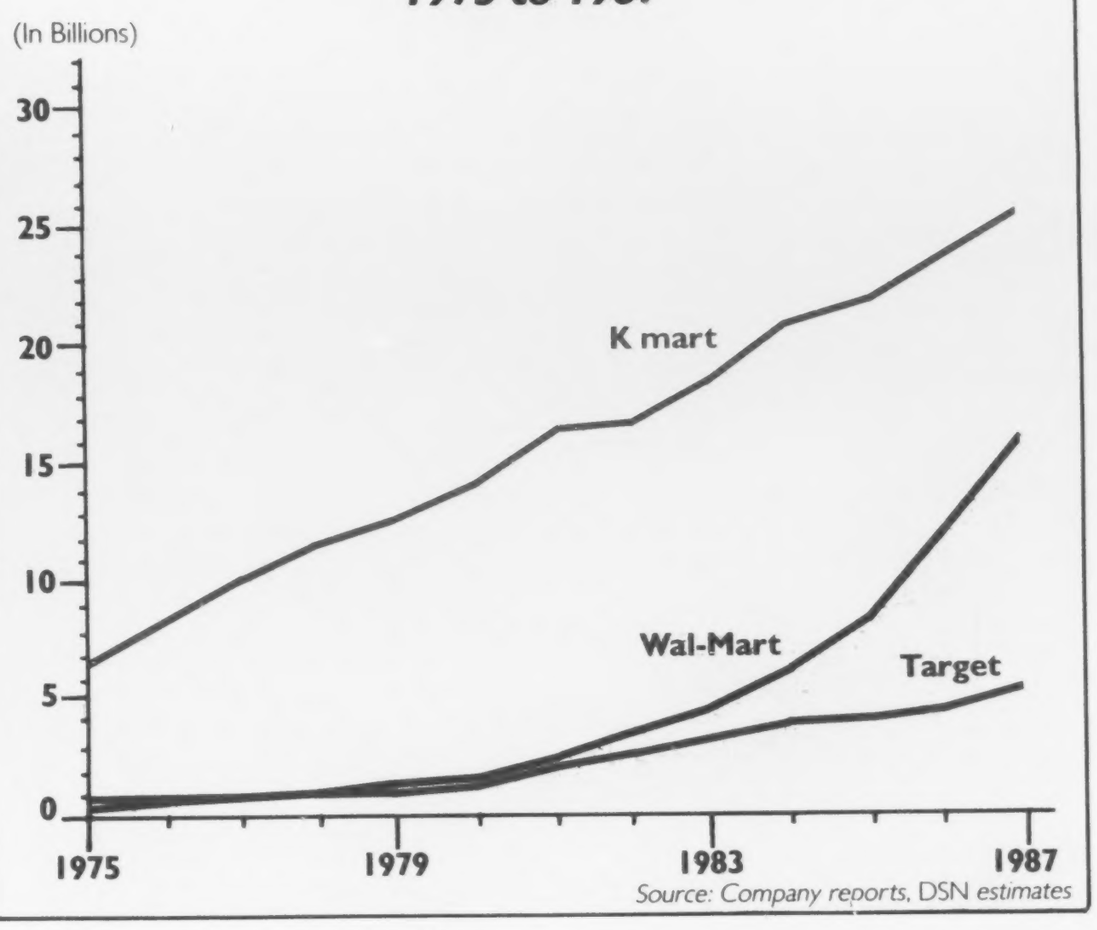
With combined corporate sales surpassing $46.5 billion by year-end, the nation's three leading discount chains will rack up an impressive 14 percent of aggregate U.S. general merchandise, apparel and furniture sales in 1987.

And, the $41.1 billion that K mart, Wal-Mart and Target will generate through their more than 3,000 discount department stores represents nearly half of this year's projected volume for the entire discount department store industry.

After 25 years of record-setting growth, these front-running discount chains are poised to leave the rest of the industry in the dust as they implement programs aimed at attaining dominance in new markets, in new product categories and among a new set of consumers.

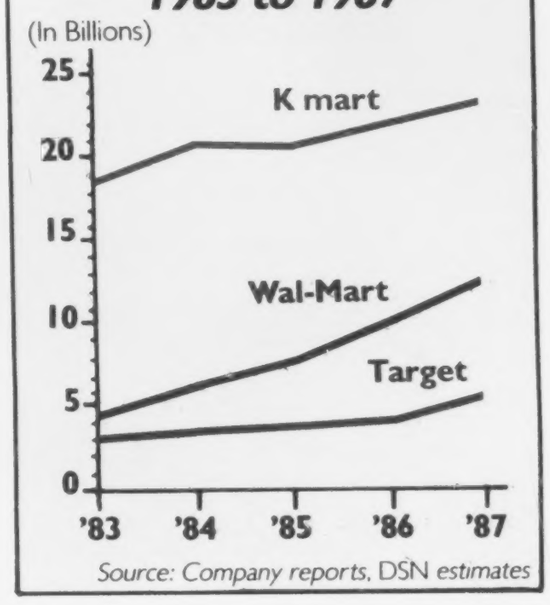
"We are becoming, in my opinion, one of the most dominant sellers of categories in mass merchandising and discounting. I can see it happening," said Joseph Antonini, who succeeded Bernard Fauber as K mart chairman in September.

Corporate Sales of Discounting's Big Three: 1975 to 1987



Source: Company reports, DSN estimates

Discount Dept. Store Sales of the Big Three: 1983 to 1987



Source: Company reports, DSN estimates

Closing In on Sears

K mart clearly has its sights set not only on Sears' crown as the world's largest retailer, but also on Sears' customer franchise. In an interview with *DSN* at K mart's corporate headquarters, vice president, marketing Michael Wellman cited marketing programs such as sponsorship of the K mart Greater Greensboro Open golf tournament and the new Martha Stewart home furnishings program as examples of K mart's efforts to instill in its customers the feeling that K mart is "a little bit nicer, different, more positive, more influencing . . . going to offer a little more.

"If you put all these things together, pretty soon you develop and reinforce a very strong image of the complete store."

In the race for dominance, the Troy, Mich.-based chain is:

- Accelerating an ambitious store refurbishing program;
- Making rapid strides in technology with new point-of-sale and telecommunications capabilities;
- Hastening to develop its own hypermarket (general merchandise/food combo store) concept;
- Quickening its expansion pace.

But, despite renewed vigor under new chairman Antonini, K mart will be hard-pressed to hold its lead over fleet-footed Wal-Mart.

By 1991, the Bentonville, Ark.-based chain should be running neck-and-neck with K mart and could slip ahead in sales within five years. By dominating smaller markets and usurping K mart's role as the low cost operator in retailing, Wal-Mart has earned a reputation as "America's Opening Price Point."

In its 25-year history, Wal-Mart has seldom rested on its laurels. "The views and shopping habits of our customers are changing, and although it may not be readily apparent, so are we," said Jack Shewmaker, vice chairman and chief financial officer, describing the almost imperceptible alterations underway at Wal-Mart.

But, while changes in merchandising and operations have been subtle, its accomplishments have been conspicuous. In the past year, Wal-Mart's discount stores have posted the industry's highest comparable store sales gains; its Sam's Wholesale Clubs have sprinted ahead of Price Club to be the sales leader in that growing segment; its dot Discount Drug stores provide a foothold for growth in a not-unrelated retail segment; and its highly publicized hypermarket launch is nearly a year ahead of K mart's planned entry in that mostly untapped market.

At about one-third the size of Wal-Mart and one-fifth the size of K mart, Target is running a distant third in sales to the pack leaders. But, for many reasons, the Minneapolis-based upscale discounter has a smoother road ahead in its efforts to achieve the kind of retail dominance sought by the Big Three. It is different enough from K mart and Wal-Mart to compete effectively, both within and outside much of its traditional big metropolitan areas.

And, Target's goals are also ambitious: "With 25 years of solid experience behind us, we face an exciting future—one filled with expansion, new products, new programs and countless other challenges," said Robert Ulrich, who succeeded Bruce Allbright as chairman and chief executive officer, in a message to employees recently.

K mart is the only discounter with almost universal store penetration. It operates stores in all 48 contiguous U.S. states, plus Puerto Rico. A new consumer study of over 1,800 men and women, conducted for *DSN* by Leo J. Shapiro & Associates, Chicago, revealed that 84.3 percent of U.S. households have a K mart store in their area, compared to 27.8 percent and 27.0 percent for Wal-Mart and Target, respectively. Geographically at least, K mart is overwhelmingly dominant, with a penetration rate slightly higher than Sears'.

The study also showed that nearly everyone who has one of the Big Three discounters in their area shops that store. Within the past year, about eight out of 10 households that have a K mart or Wal-Mart in their area have shopped one of those stores. This is true for 75 percent of households with a Target nearby.

A trip to any of the three discounters represents a substantial commitment of time. Shoppers travel about 13 minutes to get to these stores. The time shoppers spend inside the store is more than half an hour—nearly the same in each chain. The decision to shop K mart, Wal-Mart or Target is usually about a one hour commitment by the customer (13 minutes each way in travel time and 31 minutes shopping equals 57 minutes).

These findings indicate that it's nearly impossible for a consumer to avoid becoming a customer of K mart, Wal-Mart or Target when these stores are in the area.

Despite these common traits, each of the three discounters also has distinctive characteristics.

While each chain is a discounter, K mart has gone a greater distance in moving consumer thinking to the idea of low price. When people think of K mart, they think of the benefits of discounting in bringing down prices or making prices reasonable. K mart effectively expresses its distinctive personality as a store with low, reasonable prices through its slogan, "The Savings Place."

Each of the chains depends upon the sale of clothing to contribute a major share of sales and profits, but Target has succeeded somewhat more than K mart or Wal-Mart in becoming a clothing supplier. Of Target shoppers, 39 percent said that what they have mainly bought at Target in the past year is clothing. This compares to only 33 percent for Wal-Mart and 34 percent for K mart.

Wal-Mart attracts the largest annual expenditure from its customers, averaging $347 per year. Target, which does business with somewhat

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